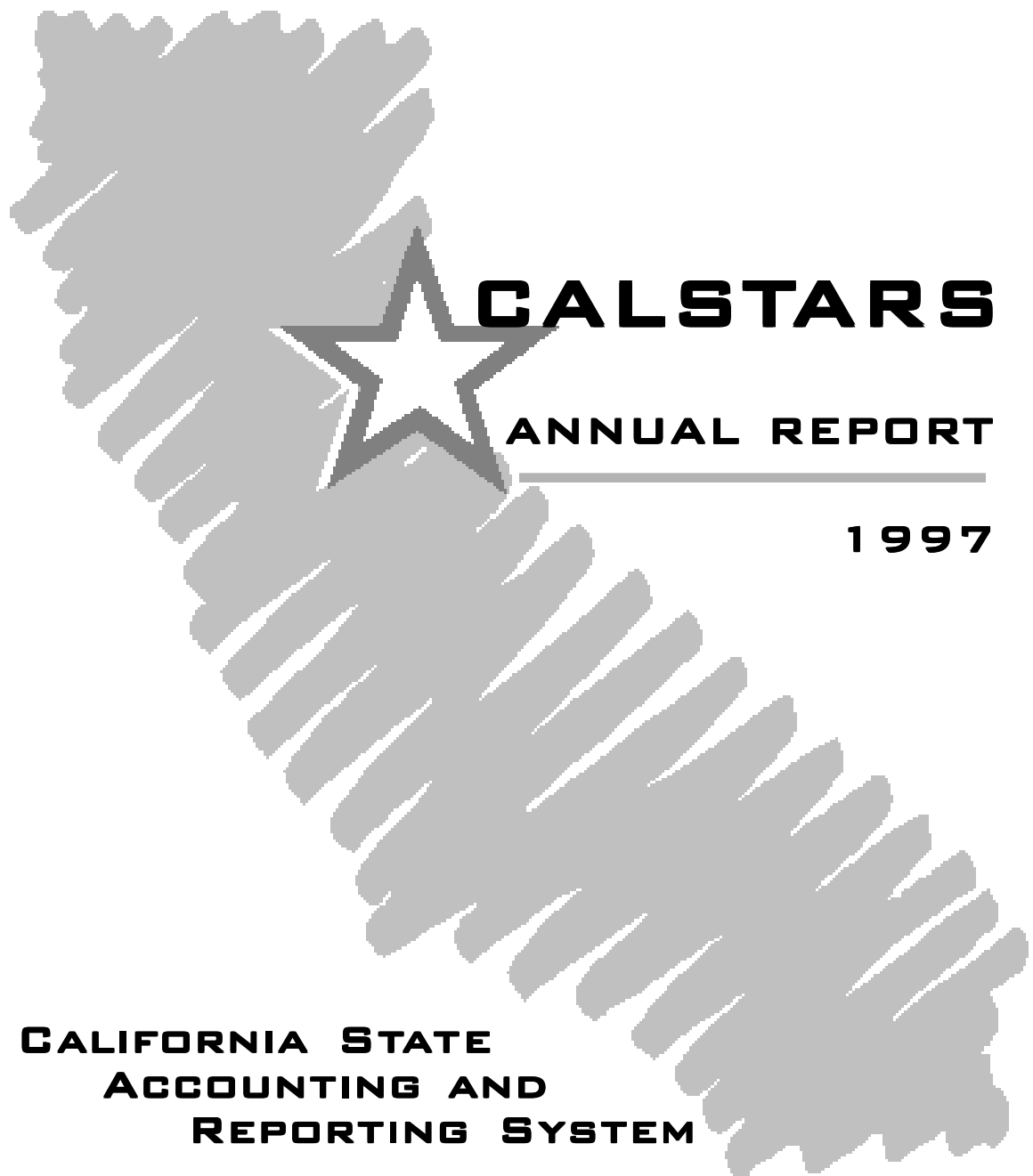

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**CALIFORNIA STATE
ACCOUNTING AND
REPORTING SYSTEM**



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Introduction

The CALSTARS Annual Report is our documentation of those system operational activities and development efforts during the previous calendar year. In part, this document represents our commitment to continue the strategic development of CALSTARS on behalf of its client agencies. Through this consolidated effort significant workload savings are achieved for each agency and for the State in general.

1997 was a very significant year for CALSTARS. In March, the ADABAS Conversion Project was completed and the converted system was successfully installed. This project was the result of more than three years of effort to upgrade the technology base for CALSTARS by converting its files to a Data Base Management System (DBMS) and its application programs to a fourth-generation programming language (NATURAL). Both of these efforts now provide a technology base for CALSTARS which will more easily facilitate future change and growth in the features and capabilities of the system.

Truly significant also are the changes that were incorporated with the Data Base Conversion Project. These included changes to incorporate the revised statewide fund code structure and, even more significantly, changes to accommodate the century change in preparation for the year 2000.

We look forward to 1998 and other exciting changes and enhancements that are currently underway. Planned future developments are identified in our Annual Plan which is updated each year in July. The Annual Plan and other CALSTARS information is available at the Department of Finance website at http://www.dof.ca.gov/html/calstars/cs_home.htm.



General

- ★ The CALSTARS Annual Plan was updated in July 1997. It reaffirms the basic mission of CALSTARS, outlines objectives/strategies for accomplishing that mission, and identifies specific activities needed to meet those objectives. A copy of the updated Annual Plan was sent to each CALSTARS agency in July.
- ★ We also continue to make available a one-page leaflet that is a quick summary of CALSTARS capabilities. It describes what CALSTARS is, who we are, and the services we provide. It is intended for a general audience.
- ★ For additional copies of the updated Annual Plan or copies of the CALSTARS leaflet call (916) 445-0211, Extension 2812.
- ★ The CALSTARS Advisory Council, which consists of representatives of CALSTARS client agencies with the chairperson being the Assistant Program Budget Manager responsible for the Department of Finance, CALSTARS, continues to meet quarterly to:
 - ★ Provide responsible representation for their department and the State in general;
 - ★ Serve as an advisory group to the Department of Finance, CALSTARS, for the continued strategic growth in the development, maintenance and operation of the CALSTARS system;
 - ★ Raise issues, identify problems and discuss alternative solutions to key issues/problems; and
 - ★ Provide a means of keeping representative departmental fiscal management informed on the progress of CALSTARS projects and activities.

The minutes from the Advisory Council meetings can be found at the CALSTARS Internet site.



System Changes

In March 1997, we installed the new NATURAL 4th Generation Language programs and began maintaining most CALSTARS EDP files in the ADABAS Data Base Management file structure. This conversion project was undertaken to improve the system development environment, which will allow us to provide more system enhancements with less programmer effort. As part of this three year system conversion effort we completed changes to incorporate the new four digit fund code structure and changes to accommodate the century change. **CALSTARS is now Year 2000 compliant.**

Since completing the system conversion in March, we have been able to devote more resources to other projects described in the CALSTARS Annual Plan. Some of the projects currently underway are Past-Year Schedule 10/10R Interface, Automated Bank Reconciliation Process, Retrieval of Document File Data, Electronic Imaging and Archival of CALSTARS Reports, Eliminate/reduce VSAM files, CALSTARS On-line Screens Redesign, and CD 102 Automation. Please refer to the CALSTARS Annual Plan for a discussion of these projects.

In addition to working on the long-term projects mentioned above, the following are some of the significant changes installed this year:

- ★ A new field for 'Tax Name' was added to the Vendor Edit Table for use in the 1099 Information Tax Return process. The taxpayer's name is placed in this field when the name used for invoice payments is different than the taxpayer name (i.e., a business name). This will resolve situations where the Internal Revenue Service was unable to match a tax return to a taxpayer in their records. See COM 97-15 for a full explanation.
- ★ We began providing a compressed file of each 'N1' and 'F1' report file request. The compressed files are much smaller than the uncompressed files and can be downloaded much faster. See COM 97-14 for more detailed information.



- ★ The State Controller's Office monthly Fund and Agency Reconciliation Reports are now printed directly on agencies' CALSTARS printers. Electronic distribution of these reports saves several days of distribution time allowing agencies to complete their CALSTARS to SCO reconciliation more timely. See COM 97-13 for additional information.
- ★ Beginning July 1, 1997, claim schedule face sheets printed from CALSTARS display the Year-of-Statutes in four-digit format as required by the State Controller's Office.
- ★ Changes were made to provide agencies with more options and flexibility when establishing numbering conventions for their cost account codes. These changes were requested by those agencies currently involved Activity Based Costing and/or Performance Based Budgeting.
- ★ Several report modifications were made to provide additional selection options. These additional selection options enable agencies to request and receive smaller reports when a full report is not needed. Please refer to Volume 6 of the CALSTARS Procedures Manual for a description of these reports:
 - ★ The D05, Q16, and Q18 reports were modified to provide the capability to request a specific fund;
 - ★ The Q35, Q36, Q37, and Q38 reports were modified to provide the capability to request a specific Character (i.e. Support, Local Assistance or Capital Outlay).
 - ★ In order to eliminate the VSAM version of the Vendor Payment File, the U01 report was rewritten in Natural. The Vendor Payment information will now be stored in ADABAS, which will require significantly less storage space and costs than VSAM.



Monarch

Monarch for Windows is now one and one half years old in the world of CALSTARS. CALSTARS client agencies have made significant accomplishments using Monarch as a PC tool to extract data from CALSTARS standard reports. To date 55 CALSTARS agencies have purchased 263 copies of Monarch for Windows.

The Monarch Users Group, which meets once a month, has grown to a membership of 155, representing 55 CALSTARS agencies. This users group continues to be a valuable source for sharing information on the innovative uses of Monarch. During the past year several CALSTARS agencies have demonstrated applications developed in Monarch to leverage their data from CALSTARS standard reports. For example, the Department of Education uses Monarch to automate their SCO monthly reconciliation, the State Water Resources Control Board developed their Indirect Cost Rate formulas, and the Department of Insurance uses Monarch to prepare management information for their budget staff. The results from using Monarch have "significantly" reduced staff time to complete their respective assignments.

The Monarch Users Group has also prompted new and exciting functionality in CALSTARS during 1997. For example, several of our clients voiced concern about the amount of time and resources it took to download very large CALSTARS report files. As a result, in October 1997, we began using PKZIP to compress the CALSTARS standard report files. Report files are now available in both uncompressed and compressed format. CALSTARS labor reports L01 and L02 are also now available to clients in report file format upon request. Additionally, the SCO Tab Run will soon be available in report file format.

Datawatch Corporation made a presentation on their new product, "Monarch Enterprise Solution", at the Monarch Users Group meeting in December, 1997. Monarch/ES is a report warehouse subsystem that runs within a Windows NT server using various communications software. We will continue to explore the possible use of Monarch/ES to serve the Ad Hoc reporting needs of clients.



During 1997 we facilitated two Monarch training classes and four Monarch workshops. In addition, we have negotiated with Datawatch Corporation to allow us to do our own training in house. As a result, one staff person has completed the Monarch Train the Trainer Course and is now certified by Datawatch Corporation to provide Monarch training. We are planning to give our first training class in January 1998. As a result, the cost of this training will be at a greatly reduced rate than in the past.

Communications to Agencies

Changes to CALSTARS are communicated to agencies through the on-line NEWS, CALSTARS Operations Memos (COMs), updates to the CALSTARS Procedures Manual (CPM), and through access to the Department of Finance Home Page on the Internet. Items of note that occurred during the year regarding these communication methods are discussed in the following paragraphs.

CALSTARS on the Internet - CALSTARS is now available on the Internet:

http://www.dof.ca.gov/html/calstars/cs_home.htm

Through a table of contents, access is available to:

- ★ current CALSTARS Operations Memos,
- ★ the CALSTARS Procedures Manual,
- ★ CALSTARS Forms,
- ★ the CALSTARS Training Schedule,
- ★ the CALSTARS Annual Plan and Annual Reports,
- ★ a list of CALSTARS Agencies and Agency Contacts,



- ★ minutes from CALSTARS Advisory Committee meetings, and
- ★ general information on system background, capabilities, services and support.

These documents are Microsoft Word or Excel documents that can be downloaded to a PC. For those users who do not have the Microsoft Word or Excel software on their PC, there is an option to download Microsoft FREEWARE files which can be executed to 'setup' a Word Viewer and/or Excel Viewer. Use of these tools will provide on-line viewing and/or printing of the documents. The CALSTARS site also includes a Search feature that allows the user to search for keywords throughout the CALSTARS web site.

The CALSTARS Procedures Manual and the exhibits, report samples, and forms contained within the Manual were prepared in Wordperfect 5.1 format utilizing Linedraw and xeroxed copies of certain forms and reports. In 1996 we converted the text portions of the Manual to Microsoft Word so that they would be available on the Internet. During 1997, we began a project to fully convert the Manual to the Microsoft Word format. When the conversion is complete, the entire Manual, including all exhibits, report samples and forms will be available on-line in Word for Windows 95, version 7.0a. We also plan to make the Manual available to agencies on Compact Disk once this conversion process is complete.

Several of the forms have been designed and automated to be easily completed on screen. They can then be saved in word processing files and attached to e-mail to CALSTARS for processing.

The CALSTARS Internet site also includes links to other internet sites that contain:

- | | |
|-------------------------|--|
| ★ Uniform Codes Manual | ★ Management Memos |
| ★ Manual of State Funds | ★ State Administrative Manual |
| ★ Governor's Budget | ★ Constitution/Codes/Statutes |
| ★ Budget Letters | ★ Catalog of Federal Domestic Assistance |
| ★ Audit Letters | ★ Department of Finance Glossary |



CALSTARS News - In addition to the Daily Operation Status messages, there were 299 announcements on the News. Of the 299 announcements, 193 were bulletins and 106 were job opportunities containing 206 positions. A comparison of positions by general classification advertised last year and this year is following:

	LAST YEAR	THIS YEAR	CHANGE
Accounting Administrator or equivalent	13	10	-3
Senior Accounting Officer	29	35	6
Accounting Officer	26	41	15
Accountant I	26	27	1
Professional other than accounting	13	6	-7
Accounting Technician	43	44	1
Senior Account Clerk/Account Clerk II	26	31	5
Office support	7	12	5
Total	183	206	23

The CALSTARS News continues to be a popular method of advertising vacancies.

Reportable Payments

The Reportable Payment process was run as scheduled on December 16, 1997. Agencies processed 200,841 reportable payment transactions during the year. On behalf of all CALSTARS agencies, we electronically reported 15,885 information returns (Form 1099) totaling \$1.57 billion to the Franchise Tax Board (FTB) and the Internal Revenue Service (IRS). This consolidated filing is beneficial to agencies because, otherwise, each agency would be responsible for:

- ★ Preparing and mailing the 1099 form to each vendor that receives reportable payments from the agency; and
- ★ Reporting the information to the FTB and IRS.



Client Support

- ★ There are 104 CALSTARS accounting offices that perform accounting for 196 Organization Codes. The number of accounting offices is less than last year due to consolidation efforts of the Department of Corrections. Of these 104 offices, 78 are independent and use only the CALSTARS Hotline for support. Of the balance, two agencies currently have an analyst assigned to assist in the first year of implementation, 13 agencies are assigned to an analyst for regular support, and 10 agencies are assigned for occasional support.
- ★ The Central and South Diagnostic Centers began accounting with CALSTARS this year and the California Public Utilities Commission is scheduled to begin CALSTARS accounting on July 1, 1998.
- ★ The Quality Implementation Check (QIC) Review program continued this year. A "QIC Review" is an agency-requested review by the CALSTARS staff of an agency's accounting practices and procedures. This last year we completed seven QICs, with ten still active.
- ★ On behalf of client agencies, we processed and coordinated 64 Service Requests to the HWDC for the purchase and/or lease of client agency equipment or communication service.

Training

All CALSTARS training classes continue to be available at no direct cost to CALSTARS agencies. Through the Training System and the ten personal computers in our Training Room, we can simulate all parts of the Production CALSTARS system. We use the "Hands on" training technique in nearly every class. Two professional analysts are assigned full time to the training function. See COM 97-12 or the web site for a listing and schedule of classes.



The following table shows the number of classes conducted and students attending classes over the past two years:

TRACK	CLASS TITLE	LAST YEAR		THIS YEAR		CHANGE	
		CLASSES	STUDENT	CLASSES	STUDENT	CLASSES	STUDENT
I	CALSTARS Overview	5	91	5	87	0	-4
II	CALSTARS Tables	3	49	3	51	0	2
III	Detailed Accounting ¹	7	123	8	141	1	18
IV	Labor Distribution Subsystem	3	41	2	32	-1	-9
V	SCO Reconciliation/Month-end Close	5	89	3	50	-2	-39
VI	Office Revolving Fund and Checkwriter Subsystem	3	49	4	70	1	21
VII	Ad Hoc Reporting	2	16	0 ²	0 ²	-2 ²	-16 ²
VIII	Operating Transfers, Bonds and Loans	0 ³	0 ³	1 ³	22 ³	1 ³	22 ³
YEC 1	Planning for Year-end Closing - 1/2 day	11	209	12	209	1	0
YEC 2	Preparing Year-end Statements- 1, 2, or 3-day Session	20 ⁴	336 ⁴	17	308	-3 ⁴	-28 ⁴
TOTAL, ALL CLASSES		59	1,003	55	970	-4	-33
TOTAL STUDENT DAYS ⁵		1,971		1,865		-106	

¹ Includes previous 4-day class and the two new 3-day classes-Module A, Accounts Payable, and Module B, Accounts Receivable/Cash Receipts.

² Class discontinued.

³ On demand. Requires at least 10 students.

⁴ Includes two classes that were conducted specifically for control agency audit staff.

⁵ Defined as the number of days of training in each track multiplied by the number of trainees in each track.

We continue to believe a trained staff in every CALSTARS accounting office is a key ingredient to success. From the time that we instituted 'no fee' training, we have filled all of our scheduled sections and we are maintaining waiting lists for all classes. Due to this demand for training and the limited resources in the CALSTARS Training Unit, we instituted a policy where we are asking that the number of registrants within each track be limited to four participants per agency. Because of this policy, agencies should give priority to requests for CALSTARS training to accounting office staff with direct responsibility and duties related to the class topic.



This year the four-day Detailed Accounting class (Track III) was split into two separate three-day classes. Module 'A' is designed for agencies' accounts payable staff and Module 'B' is for accounts receivable/cash receipts staff. Also, class materials were updated for each of the training classes to reflect the changes in the new ADABAS/Natural system, i.e., the expansion of the fund code to four digits and Batch Type to two digits.

We also continued our participation this year in Schedule 10 Training sponsored by the Department of Finance Budget Operations Support Unit. During this training, we discussed with departmental budget staff and senior accounting staff how CALSTARS reports are used to post to the Past Year Schedule 10 and Schedule 10R Reports.

Daily Operations

CALSTARS processed transactions on all 258 scheduled processing days. Agencies initiated action that resulted in 26,311,371 transactions, which was 1,405,233 more than the previous year. This represents a 5.6 percent increase. On thirty nights this year, more than 200,000 transactions were processed, with an all-time high of 403,173 transactions processed on February 11, 1997.

Even with the increase in transaction volume, all processing was completed each night, as scheduled. In addition, on 248 days (or 97 percent of the time) all reports were made available from the Health and Welfare Data Center (HWDC) by the 7:00 AM schedule. This is an improvement over the report availability of 95 percent for the previous year.

Agencies requested and received 211,033 standard reports, 50,833 N1 reports, and 6,046 F1 file copies for a total of 267,912 reports during the year, an average of 1,038 reports every day. This represents an overall increase of fourteen percent above last year's level. During the same



period, the amount of reports printed at HWDC decreased by nineteen percent. This decrease combined with the overall increase in the number of reports ordered indicates that agencies are using new report output options to offset the relatively high cost of hardcopy reports. See additional discussion in the Costs section of this report.

Costs

Agencies continue to pay the full cost of operating and maintaining CALSTARS, including a proportionate share of DOF CALSTARS support staff. Those costs continue to be far less to each agency than otherwise necessary to internally support the operation, maintenance, documentation, hardware support, training, and continued enhancement of a departmental accounting system operation.

Total costs increased by 5.7 percent in the 1996-97 fiscal year compared to the 1995-96 fiscal year. The increase is primarily due to the 5.6 percent increase in transaction volume and the 14 percent increase in requested reports as discussed in the previous section.

Effective November 1997, HWDC rates were revised for the upcoming year. Rates for processing and data storage will go down but rates for output (print at HWDC and microfiche) will increase. We anticipate an overall HWDC rate decrease of 15 percent. However, this decrease may be offset by an increase to the transaction volume. In addition, beginning with the 1997-98 fiscal year, we have reduced by 8 percent the annual amount billed to agencies for the operation and maintenance of CALSTARS. Overall, we anticipate a lower cost per transaction in the upcoming year.

One way that agencies can exercise cost savings is in the area of report printing. For reports produced at HWDC, agencies are charged a printing cost and a paper cost by the page. For reports printed at an agency, the output cost is for the paper only. Shown below is a comparison of the costs for printing 1,000 pages at HWDC, on a printer at an agency, or through microfiche. The cost of printing reports at HWDC went up significantly (\$ 12.00 per thousand pages) in November 1997.



	NOVEMBER 1996- OCTOBER 1997	NOVEMBER 1997- OCTOBER 1998	CHANGE
HWDC Print			
11 x 9 1/2 paper	\$ 11.30	\$ 11.30	—
Printing	<u>18.00</u>	<u>30.00</u>	+\$ 12.00
Total	\$ 29.30	\$ 41.30	+\$ 12.00
Agency Print			
Paper	\$ 6.30	\$ 6.30	—
Microfiche			
268 pages per fiche	\$ 3.44	\$ 3.80	+\$.36

During the past year, agencies reduced the number of pages printed at HWDC by more than 2.2 million pages over the prior year. This produced a net savings to those agencies of \$52,900. With the new rates that went into effect on November 1, 1997, the potential for savings is even greater in the coming year. Agencies should review their report requesting needs and practices and consider leasing additional printers to print more reports in-house. Our analysis indicates it is less costly to lease an additional printer when the volume is more than 4,000 pages/month. Please contact the CALSTARS Hotline for details.



PREPARED BY
THE CALIFORNIA
DEPARTMENT OF FINANCE